

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on February 9, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Lynne Holt, Legislative Research Department  
Jerry Ann Donaldson, Legislative Research Department  
Bob Nugent, Revisor of Statutes  
Betty Bomar, Secretary

Conferees appearing before the committee:  
Bill Laves, Labor Market Information Services,  
Department of Human Resources  
A. J. Kotich, Chief Counsel, Department of Human Resources  
Steve Rarrick, Deputy Attorney General

Others attending: See attached list

**SB 265 - Increasing minimum wage to \$5 an hour**

The Chair announced distribution of the following:

Information requested by Senator Ranson from the Department of Human Resources listing exemptions from state minimum wages laws for minors and part-time employees, by state. (Attachment 1)

A letter from Ron Hein, Kansas Restaurant and Hospitality Association, containing information regarding minimum wage as it affects the restaurant, hospitality and lodging industry. (Attachment 2)

Options prepared by the Department of Human Resources at the request of the Chair concerning the minimum wage and treatment of tips and gratuities in the Kansas statutes. (Attachment 3)

The Committee discussed the various options. There was a strong feeling among members of the Committee that the market place should set wages; however, public perception should also be a consideration.

**Senator Umbarger moved, seconded by Senator Steffes that SB 265 be amended on line 17 to strike the figure \$5 and insert in lieu thereof the figure "\$5.15". The voice vote was in favor of the motion.**

Senator Brownlee stated that she was voting "no" on the amendment and cited an article from Harvard University by Burton W. Folsom, Jr. (Attachment 4) and an article from *The Wall Street Journal*, (Attachment 5), which stated minimum wage legislation has made jobs disappear and harmed the most vulnerable workers, especially blacks, teenagers and women with limited skills. The 1996 hike in minimum wage to \$5.15 an hour resulted in an increase in unemployment among black male teenagers from 37% to 41%.

Senator Gooch stated he did not know why a teenagers should be paid less than an adult when doing the same job.

**Senator Jordan moved, seconded by Senator Ranson that SB 265 be further amended by striking line 19 as follows: "in an amount equal to not more than 40% of the minimum wage rate". The voice vote was in favor of the motion.**

Senator Jordan explained that the base salary would be driven by the market. The restaurant

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employee would still report tips and gratuities. If there is a difference between the base salary plus tips and minimum wage, the employer would pay the difference. He also reminded the committee that national or multi-state restaurant chains are subject to federal minimum wage laws. A. J. Kotich, Chief Counsel, Department of Human Resources, stated the Federal law does not contain a percentage of tips allowed to off-set the base salary to comply with the minimum wage requirement, but the base wage is set at \$2.13.

**Senator Steffes moved that SB 520, a prohibition against local minimum wage laws, be amended into SB 265. Senator Donovan seconded the motion.**

**The motion was approved on a vote of: Yea - 6, No - 4. Senator Feleciano requested the record reflect that he voted no on this motion because he wanted to vote on the two bills separately.**

**Senator Brownlee moved, seconded by Senator Ranson that SB 520 be amended on line 14 by striking the words "jurisdiction-wide".**

Bob Nugent, Revisor of Statutes explained the amendment proposed by Senator Brownlee would tighten the law and would prohibit the city or county from enacting any ordinance with respect to minimum wages, or entering into any contract with a business or contractor who is receiving tax abatements, revenue bonds or any other type of economic development incentives.

**The motion was approved on a voice vote.**

**Senator Steffes moved, seconded by Senator Ranson, that a substitute for SB 265 be recommended favorably. The recorded vote was unanimous in favor of the motion.**

**SB 431- Addition of unwanted charges to telephone bills prohibited**

Senator Barone asked Steve Rarrick, Deputy Attorney General, for information he had requested regarding the number of cramming complaints in Kansas.. Mr. Rarrick responded that of the 33 LECs in Kansas, twenty two responded that they had no cramming complaints against themselves, except that one company reported a few complaints that were quickly resolved. Southwestern Bell had no further information to provide.

**Upon motion by Senator Donovan, seconded by Senator Jordan, the Minutes of the February 8, meeting were unanimously approved.**

The meeting was adjourned at 9:00 a.m.

The next meeting is schedule for February 10, 2000.